

Amendments to the Specification:

1. Please **replace** paragraph [0050] with the following amended paragraph:

A1
Embodiment A corresponds to the flow diagram shown in Figure 10, in which step 504 in Figure 5 is substituted with steps 510, 512, 514, 516, and 518. Unlike Embodiment B, background color is determined at step 510 in Embodiment A. One method for determining background color is disclosed in U.S. Patent [[Application Serial No. 09/427,833]] No. 6,577,762 entitled "Background Surface Thresholding", which is incorporated herein by reference. As set forth therein, background color is determined by applying the disclosed method to each channel of a low-pass filter reconstructed image. At step 512, connected components are found, for example, by applying background surface thresholding to the luminance of the low-pass reconstructed image. At step 514, the foreground color coefficients for each binary connected component are determined by applying one of the methods given below in Section 4 to the region of the raw-data corresponding to a dilation of the component. At step 516, a clustering procedure is used to group components that are in close spatial proximity and that have similar estimated foreground color coefficients. This clustering step enables more accurate estimation of foreground color coefficients, particularly for small connected components.
